The NOLD is not limited to the amount allowed under Internal Revenue Code (IRC) section 172 or the amount that would have been allowed if the taxpayer had not made an election under IRC, Chapter 1, subsection S. A taxpayer that files as part of a federal consolidated return but on a separate basis for purposes of Article 9-A must compute its deduction and loss as if it were filing on a separate basis for federal income tax purposes.

The NOLD will not include any NOL incurred during a New York S year. However, a New York S year must be treated as a tax year for purposes of determining the number of tax years to which an NOL may be carried forward. A New York S year is a tax year for which a valid New York S election is in effect (see Form CT-6, Election by a Federal S Corporation to be Treated as a New York S Corporation).

If there are two or more NOLs, or portions thereof, carried back or carried forward to be used in the computation of the business income base in one particular tax year, the earliest NOL incurred must be applied first.

An NOL may be carried back three tax years preceding the tax year of the loss (the loss year). However, a loss cannot be carried back to a tax year beginning before January 1, 2015. The loss is first carried to the earliest of the three tax years, if it is not entirely used in that year, the remainder is carried to the second tax year preceding the loss year, and any remaining amount is carried to the tax year immediately preceding the loss year. Any unused amount of loss then remaining may be carried forward for as many as 20 tax years following the loss year. Losses carried forward are carried forward first to the tax year immediately following the loss year, then to the second tax year following the loss year, and then to the next immediately subsequent tax year or years until the loss is used up or the 20th tax year following the loss year, whichever comes first.

For a corporation that files a combined return, either in the tax year the NOL is incurred or in the tax year in which a deduction is claimed on account of the loss, the combined NOLD is determined as if the combined group is a single corporation and, to the extent possible and not otherwise inconsistent with §210-C.4, is subject to the same limitations that would apply for federal income tax purposes under IRC sections 381-384 and/or separate return limitation year (SRLY) and the code of federal regulations as if such corporation had filed for such tax year a consolidated federal income tax return with the same corporations included in the combined return. If a corporation files a combined return, regardless of whether it filed a separate return or consolidated return for federal income tax purposes, the NOL and NOLD for the combined group must be computed as if the corporation had filed a consolidated return for the same corporations for federal income tax purposes (§210-C.4(d)(iii)).

In general, any NOL carryover from a year in which a combined return was filed shall be based on the combined NOL of the group of corporations filing such return. The portion of the combined loss attributable to any member of the group that files a separate return for a succeeding tax year will be an amount bearing the same relation to the combined loss as the NOL of such corporation bears to the total NOL of all members of the group having such losses to the extent that they are taken into account in computing the combined NOL (§210-C.4(d)(iv)).

Election to waive carryback

You may elect to waive the entire carryback period with respect to an NOL. You must make the election on your original return (determined with regard to valid extensions) timely filed for the tax year in which the NOL occurs. Once an election is made for a tax year, it is irrevocable for that tax year. You must make a
separate election for each loss year. This election applies to all members of a combined group. To make the election, see the instructions for Schedule A.

**Line instructions**

When filing a combined return, enter the legal name and EIN of the group’s designated agent.

If the amount on Form CT-3 or CT-3-A, Part 3, line 17, is zero or less, enter 0 on lines 1 through 4 and line 6; then complete lines 5a through 5 and lines 7a through 7.

If the amount on Form CT-3 or CT-3-A, Part 3, line 17, is greater than zero, complete lines 1 and 2, and:
- if line 1 is greater than line 2, complete lines 3 through 7.
- if line 2 is greater than or equal to line 1, enter 0 on lines 3 and 4 and complete lines 5a through 5; enter 0 on line 6, then complete lines 7a through 7.

**Computation of net operating losses (NOLs) available to be used, the amount to be used, and the amount to be carried forward**

Lines 5a through 7 – All amounts should be entered as positive values.

**Computation of net operating loss (NOL) to be used**

Lines 5a through 5 – The total NOLs available to be used in the current tax year (entered on line 5) are computed by first taking the NOL carryforward from the preceding tax year’s Form CT-3.4, line 5a, then making adjustments on lines 5b through 5f. If filing an amended return due to claiming an NOL carryback, enter the amounts from the original lines 5a and 5b.

Line 5c – If filing an amended return to claim an NOL carryback or a subsequent amended return after claiming an NOL carryback, enter the full amount of the loss available to be carried back. Otherwise enter 0.

Line 5e – Enter 0; no entry is made on this line until at least 20 tax periods after the first return filed for the period beginning on or after January 1, 2015.

Line 5f – Enter the New York NOL carryforward that is unavailable to be used in the current year due to limitations under IRC sections 381-384 and by SRLY. See Schedule B, column F instructions.

Line 6 – The amount of NOLD, after all applicable NOL limitations are applied in the current year, cannot be more than the amount on line 4. Enter on this line the lesser of line 4 or line 5. Also enter this amount on Form CT-3 or CT-3-A, Part 3, line 18.

**Computation of NOL carryforward**

Line 7a – If the current year’s Form CT-3 or CT-3-A, Part 3, line 19, is less than zero, enter that amount on this line. However, this amount must be reduced by any amount being carried back to prior years. If the current year’s Form CT-3 or CT-3-A, Part 3, line 19, is zero or greater, enter 0.

Line 7c – Enter the NOL carryforward of members who left the group during the current year. Do not include any amount used in the current year.

Line 7 – Subtract line 7d from line 7b and enter the result. Carryforward this amount to next year’s Form CT-3.4, line 5a.

### Schedule A – Apportioned business income or loss

This schedule must be completed for each tax year.

If you have a loss on Form CT-3 or CT-3-A, Part 3, line 19, and you want to elect to waive the carryback of this loss, mark an X in the box.

Enter in the first row the tax year for which this Form CT-3.4 is being completed. Then, when completing the form for the next tax year, move the information from the first row to the second row and enter in the first row the information for that next tax year. Proceed in this manner until all 20 rows are completed then drop the oldest year from the table. In each subsequent tax year the oldest year will be dropped from the table.

**Column B** – Use a minus sign (-) to report a loss (not parentheses or brackets). Update the amounts in this column to reflect any amended returns, New York State tax audit adjustments, and federal revenue agent reports (RARs).

**Column C** – For each row in column C where the same row in column B shows a positive amount of business income, update that row in column C each time the positive amount of business income shown in that same row in column B is reduced by a loss shown in any other row in column B (update by entering in column C the ending date of the tax year(s) of the loss(es) being brought back or forward).

### Schedules B and C

Only Form CT-3-A filers complete Schedules B and C. New members complete Schedule B only, and former members complete Schedule C only.

If you have more detail than will fit on the lines provided in these schedules, attach additional sheets in the same format. Include the legal name and EIN of the corporation as shown on Form CT-3.4, page 1, along with the title of the schedule to which the attachment applies, and attach, along with Form CT-3.4, to your return.

#### Schedule B – New members included in the combined group for the current tax period; Form CT-3-A filers only

**Column C** – For each new member that is included in the combined group in this tax period, but was not included in the combined group in the tax period immediately preceding this tax period, enter the amount of unused NOL available on the first date in which the member was included in the combined group. If the new member’s unused NOL on this date was zero, enter 0.

**Columns D and E** – Enter the new member’s tax period beginning and ending dates.

**Column F** – If the corporation in column A has NOLs listed in column C that are limited by IRC sections 381-384 or SRLY, mark an X in the box. Attach a statement showing the computation of the limitation.

#### Schedule C – Former members not included in the combined group at the end of the current tax period; Form CT-3-A filers only

**Column C** – For each former member that was included in the combined group for any part of the combined group’s tax year, that is no longer included in the combined group at the end of this tax year, enter the unused NOL available on the last date in which the member was included in the combined group. If the former member’s unused NOL available on this date was zero, enter 0.
Columns D and E – Enter the former member’s tax period beginning and ending dates.

Need help? and Privacy notification
See Form CT-1, Supplement to Corporation Tax Instructions.